SUPPORT TO MICRO, SMALL AND MEDIUM ENTERPRISES IN ORGANIC CLUSTERS PROJECT(OCP)

PROGRESS REPORT

(October 1, 2014 – December 31, 2014)

Submitted to:
African Development Bank, Egypt Field Office

By:
Social Fund for Development (SFD)
Non-Financial Services Central Sector (NFSCS)
Organic Clusters Project (OCP)
January 22, 2015

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List of Acronyms

AfDB	African Development Bank Group
BDS	Business Development Services
EOI	Expression of Interest
GoE	Government of Egypt
IMC	Industrial Modernization Centre
LoE	Level of Effort
MENA	Middle East and North Africa region
MoI	Ministry of Industry
MSMEs	Micro, Small and Medium Enterprises
RFO	Request for Offer
OVOP	"One Village One Project" Project
SAS	Sa'ayet Abu Sha'ara
SFD	Social Fund for Development
SME	Small and Medium Enterprises
UNIDO	United Nations Industrial Development Agency
USD	United States of America Dollar

1 BACKGROUND

"Support to Micro, Small and Medium Enterprises in Organic Clusters" is a project funded by the African Development Bank (AfDB), through the MENA Transitional Fund, and is being implemented by the Social Fund for Development (SFD). **The project's objective** is to create an overall enabling environment for micro, small, and medium enterprises (MSMEs) operating out of organic clusters and increase their contribution towards economic growth and employment. The outcome of this project will feed into the larger policy framework for MSMEs which is currently being developed under the leadership of the SFD. The project is planned for three years (2013-2016), and has commenced implementation as of September 29, 2013.

Basic Grant Information:

- Grant Number : G-EG-AAG-ZZZ-001
- Grant Amount: USD 2,000,000 (incl. Project Indirect Costs "ISA" for USD 60,000) - Total disbursements to the Project will not exceed USD 1,940,000.
- Grant Approval Date: February 29, 2013
- Date of Grant Signature: May 29, 2013
- Grant Entry Into Force: September 29, 2013
- Closing Date: June 30, 2016
- Special Account no. 2590300600 opened in Commercial International Bank (CIB) on September 22, 2013.
- Ceiling of 1st Tranche Disbursement: Up to 25%
- 1st Tranche Disbursement: USD 397,700 on February 6, 2014

During the first Supervisory Mission, alternatives to address delay in project implementation were discussed and an agreement was reached that a "Pre-mapping Initiative" would be launched; whereby SFD, in consultation with the Bank, will select an organic cluster, conduct a rapid assessment of cluster's needs of business development services. Following that, responsive tailored BDS will be provided to MSMEs in the selected organic cluster.

2 PROGRESS TO DATE

During this reporting period, some progress has been achieved; a number of major activities are now set to commence and are expected to be completed during the upcoming quarter.

Under Component 1, the Mapping Exercise (PP line item #1), the final contract between SFD and HLB Makary consultancy firm was signed on the 25th of December 2014. The implementation of the assignment is scheduled to start on January 4, 2015 and is expected to be completed by April 5, 2015.

With regard to the Best Practices Research Study (PP line item #2), Mr. Mukesh Gulati was the first ranked consultant in the Technical Evaluation Report (which received the AfDB's No-Objection on November 5, 2014). The Study commenced on November 30, 2014 and expected to be completed by February 15, 2015.

The final draft of the Terms of Reference (ToR) and Level of Effort (LoE) for the Development of MSME National Strategy (PP line item #5.b) were both submitted to the Bank for clearance on November 13, 2014.

Under Component 2, concluding a contract with UNIDO as a single source to address the capacity development needs for the project (PP line item #10), remains an unresolved issue.
UNIDO sent an official email on November 12, indicating that they will not be able to sort out contracting issue. The project is still exploring different alternatives to address project capacity development needs.

Under Component 3, in order to expedite project implementation particularly the pre-mapping exercise (PP line item #15.a), the project staff had a two-day field visit to Monofeya Governorate to identify the needs of Sa'ayet Abu Sha'ara hand-made carpets cluster. Several meetings were also help with concerned national stakeholders - namely the Ministry of Trade and Industry and its affiliated Technology Centers - to explore further potential coordination within the framework of the OCP.

The Project's Procurement Plan was updated and submitted to the AfDB for review and approval on December 30, 2014. The major changes in the procurement plan were driven by the need to secure funding to develop an MSME National Strategy under line item # 5.b, and funds needed to conduct this activity were secured through several budget reallocations; including reallocation of budget allocated for all policy-related assignments as well as surplus from already contracted assignments. In addition, the budget for recruiting a "Field Officer" was secured. Line items #12.b (Feasibility Study of Organic Cluster Management) and #12.a (Identify a Sustainable Cluster Management Methodology/System) were combined together; both activities will be merged and to be carried out in one assignment.

The office furniture was delivered on November 23, 2014; the procurement process for the remaining equipment is underway.

3 Project Implementation Status

This section presents the immediate results achieved during the reporting period. Reporting is made based on components, sub-components and activities as outlined in the Project Proposal and Procurement Plan (PP) approved on April 10, 2014.

3.1 Component 1: Policy recommendations towards an enabling environment for the development of MSMEs in organic clusters

Mapping of Organic Clusters - PP Line Item # 1

On October 15, 2014, the Technical Evaluation Report was finalized and submitted to the AfDB. The AfDB's No-Objection on the report was received on the November 3, 2014. A special session was subsequently held on November 10, 2014 for the opening of Financial Offers. The

session was attended by SFD Committee and representatives of the consultancy firms that have submitted their proposals to undertake this assignment. "HLB Makary Consulting" firm was the highest ranked firm and was chosen to undertake the assignment. The "Negotiation Report" as well as the "Initialed Contract" were signed on November 12, 2014, and were both sent on November 13, 2014 to the Bank along with the compiled "Technical and Financial Report" for No-Objection. The No-Objection was received on December 21, 2014. The final contract was consequently signed by the consultancy firm on December 25, 2014. The consultancy firm is scheduled to commence implementation on January 4, 2015 and the duration of the assignment is 4 months.

Compiling Research on Best-Practices - PP Line Item # 2

The "Technical Evaluation Report" of three candidates was submitted to the AfDB on October 28, 2014, and the Bank's No-Objection was received on November 5, 2014 to proceed with the contracting process of the highest ranked candidate - Mr. Mukesh Gulati. Contract signed and assignment commenced on November 30, 2014 and is expected to be completed by February 15, 2015. On December 12, 2014 Inception Report was submitted, and it was approved by SFD on December 14, 2014. On December 27, 2014, deliverable (2) of the assignment "List of countries and clusters" was submitted. Payment requests to disburse 4845 USD to the consultant for submitting deliverables 1&2 were prepared.

Diagnostic Study, Value Chain Analysis and Action Plan for 3 selected Organic Clusters (based on Mapping) - PP Line Item # 3

A draft of the Terms of Reference (ToR) and Level of Effort (LoE) had been developed and were submitted to AfDB on December 28, 2014.

Development of MSME National Strategy - PP Line Item # 5.b

SFD is planning to implement another strategic activity instead of the above mentioned activity, namely "Development of a National Strategy for Micro, Small and Medium Enterprises"; and the approximate budget needed for this activity is 280,000 USD. Since this assignment was not included in the Project Procurement Plan approved on April 10, 2014. The Procurement Plan had, therefore, to be reviewed and updated in order to secure required funds for this important assignment. In view of that, the project proposed several budget reallocations in the Procurement Plan, where several line items related to the policy component; as well as surplus funds from contracted assignments were reallocated to one line item to secure funding needed for the activity. The final draft of the ToR, LoE, and EoI to develop MSME national strategy were prepared to be submitted to the Bank once updated Procurement Plan is approved by the AfDB.

3.2 Component 2: Institutional and operational capacity building for key support institutions and stakeholders working with organic MSME clusters.

Build Capacities of Stakeholders, towards Improved Cluster Identification and Management - PP Line Item # 10

The issue of contracting UNIDO as a single source to address the project's capacity development needs was thoroughly discussed with the AfDB. The Bank explicitly clarified that contracting UNIDO as a single source was not an option. On October 26, SFD approached UNIDO to get a final reply regarding their ability to sign a contract with SFD to conduct the assignment; and UNIDO sent an official email on November 12, indicating that they will not be able to sort out contracting issue in the foreseen future and recommended that we explore other options to conduct address project capacity development needs. Different alternatives are being explored by the project team. One such alternative would be to break down the capacity development activity into a number of smaller activities such as training for SFD and other stake holders; outsourcing individual consultants to provide coaching needed to project staff on specific topics in planning and/ or implementing cluster development programs.

For the purpose of building the project staff's and stakeholders' capacity, the AfDB conducted a "Procurement Training Workshop" for the various executing agencies of its projects on November 5, 2014. The workshop was held at the Bank's premises and covered the following two main topics related to the procurement of consultants under the Bank's rules and procedures:

- Different selection methods of consultants (only QCBS, CQS, QBS, LCS)
- Preparation of the Short List.

Participant:

1. Mr. Ehab Mohamed – OCP, SFD
2. Marwa Hegab– OCP, SFD
3. Eng. Samir Badawy – RIEEP, SFD
4. Mr. Khaled Reyad – Procurement Department - SFD.

It should be noted that this workshop built on the topics covered in a previous training workshop (held in July 2014) that covered the following three main topics:

- Preparation of RFP
- Conducting evaluation and preparation of the evaluation report
- Conducting negotiation with the winning consultant and preparation of particular conditions of contract.

3.3 Component 3: Increase organic MSME contribution to manufacturing value added (pilot project)

In-depth Diagnostic Study of the Specific Cluster - Pre Mapping - PP Line Item # 13.a

- Several field visits, meetings and interviews were held in Sa'ayet Abu Sha'ara (SAS) for hand-made carpets in the governorate of Monofeya, to explore the current situation of the cluster and identify the main issues that could be addressed by OCP. Accordingly, Terms of Reference (ToR) for an "In-depth Diagnostic Study" for this cluster was developed based on the findings of the field visits to SAS cluster and interviews conducted by OCP staff with a group of stakeholders in SAS (including MSME owners, workers, designers and, NGO representatives). Among the main findings was the potential of the cluster to easily absorb new entrants/start-ups, primarily due to the flexible working environment for hand-made carpets where artisans could work on looms at home, and the relatively low capital needed for the purchase of small-scale looms.

  The key challenges facing the cluster can be summarized as follows:
  - Limited international market share. Less than 15% of the cluster's production is exported to international markets despite its high-quality that can easily compete with and even surpass Persian and Turkish products
  - With that said, the quality of products is declining as artisans compete for the limited domestic market by reducing prices not enhancing quality
  - The cluster has witnessed a sharp decline in its workforce - from approximately 6,000 individuals ten years ago to roughly 3,000 currently (about 40% women) most of whom in the informal sector, due mainly to the sharp decline in tourism and low demand in the domestic market
  - Scarcity of new designs
  - Products are not branded
  - Minimal cooperation/coordination between MSMEs in the cluster
  - Lack of access to finance (a tailored loan product could be needed)
  - Know-how and tools needed for raw material dyeing and finishing are not available in the cluster; this mainly done Cairo
  - Price of high quality raw material is continuously increasing and artisans access to high quality raw material at a good price is commonly a challenge
  - Lack of support organizations in the cluster. There are three NGOs within the cluster, two of them are mainly concerned with hand-made carpets and were established few years ago; both of them are currently idle. The third NGO was established recently and it is mainly concerned with handicraft products in general. This NGO is currently trying to provide support to SAS cluster in design.

  Participant in filed visits/ meeting held:
  - 17 - 18 November field visit:
    - Mr. Ahmed El-Knany, SFD
    - Mr. Ehab Mohamed, OCP
    - Mrs. Marwa Hegab, OCP
    - Eng. Ezz Hashem, OVOP
    - Ms. Yasmin El-Sherbiny, OVOP
  - 23 November meeting:

- Mr. Mosaad Omran; Sa'ayet Abu Sha'ra hand-made carpets cluster representative and member of the Egyptian Export Council
- Mr. Ehab Mohamed, OCP
- Mrs. Marwa Hegab, OCP
- Eng. Ezz Hashem, OVOP
- Ms. Yasmin El-Sherbiny, OVOP

3.4 Component 4: Project management

Procurement of Project Goods - PP Line Item # 20

The OCP required furniture was delivered on November 23, 2014.

A list of the required remaining equipment was developed with detailed specifications and SFD's Procurement Department has consequently developed the required Request for Offers (RFOs) and the procurement process is still underway.

4 Disbursement

- The SFD has opened a special USD account for the grant (account number: 2590300600 at Commercial International Bank - CIB) on September 22, 2013.
- First disbursement request, for a total amount of USD 397,700 was submitted to the AfDB on December 1 ,2013 and disbursed to the SFD with value-date February 5, 2014.
- Disbursements as of **End of December 2014 totaled USD 50,364**
- The **Amounts to be disbursed for contracted Assignments is USD 182,954**

5 Challenges

Build capacities of stakeholders, towards improved cluster identification and management - PP Line Item # 10

- Contracting another agency to conduct capacity development activities and address SFD and Stakeholders needs remains a challenge.

ANNEX A: OCP CUMULATIVE PROGRESS

STATUS AS OF 31/12/2014

PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
Component 1: Policy recommendations towards an enabling environment for the development of MSMEs in organic clusters					
1	**Mapping of Organic Clusters**	**150,000**		QCBS	**ACTIVITY ON-GOING** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **1-** Preparation of Terms of Reference (ToR), expected Level of Effort (LoE) developed, and Expression of Interest (EOI) and first draft submitted to AfDB on April 22, 2014. **Quarter 2 (01/04/2014 - 30/06/2014)** **2-** Final version of Terms of Reference (ToR), expected Level of Effort (LoE) developed, and Expression of Interest (EOI) finalized and submitted for AfDB approval on May 26, 2014. **3-** The Bank's No-Objection was received on May 27, 2014. **4-** A Special Procurement Notice was published in the local papers and on the Bank's website on June 3, 2014. **5-** Total number of firms that expressed interest was 20 firms (all from AfDB Member Countries - Regional & Non-regional - and are not listed in the debarred list of the world bank. **6-** A decree to form a special committee, of both the project and SFD staff, to review the EOIs and prepare a short list of six qualified firms has been issues on June 17, 2014 **7-** The special committee started to convene to review the EOIs June 30, 2014. It is expected the committee will conclude its work by mid-July 2014. **Quarter 3 (01/07/2014 - 30/09/2014)**

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					8- The Short List Report - identifying the six (6) qualified short-listed firms, was submitted to the Bank on July 16, 2014 **9-** The Bank's no-objection was granted on July 21, 2014. **10-** The Request for Proposal (RFP) was sent to these firms on July 22, 2014. **11-** A Pre-bid meeting held on August 10, 2014, in which only three (3) of the short-listed firms were present. **12-** Pre-bid meeting minutes (questions and answers) were shared with and cleared by the Bank on August 14, 2014. **13-** Pre-bid meeting minutes were sent to the six (6) shorted-list firms on August 17, 2014. **14-** The proposal submittal date was extended to the Sept 7, 2014 upon request from some European companies due to the holidays season. **15-** Only five (5) consultancy firms out of the six (6) short-listed submitted their technical and financial proposals on 7 September 2014. **16-** A special committee is in process of reviewing technical proposals. **Quarter 4 (01/10/2014 - 31/12/2014):** **17-** The Technical Evaluation report was submitted to the AfDB on October 28, 2014 **18-** No-Objection was received from AfDB on November 3, 2014 **19-** Financial Offers were opened in a special session held on November 10, 2014 at SFD premises in the presence of the SFD committee as well as representatives of consultancy firms that have submitted their proposals to undertake this assignment. **20-** "HLB Makary" was the highest ranked firm. **21-** A Compiled Technical and Financial Evaluation Report was developed and submitted to the AfDB on November 12, 2014. **22-** The Negotiation Report and the Initialed Contract were signed on November 12, and sent to the AfDB on November 13, 2014. **23-** The AfDB's No-Objection to proceed with the final signature of the contract was received on December 21, 2014. **24-** The final Contract for HLB Makary was signed on December 25, 2014.

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					25- The assignment is planned to commence on January 5, 2015 and is expected to be completed by April 5, 2015.
2	**Compiling Research on Best-Practices**	**50,000**		IC	**ACTIVITY ON-GOING** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **1-** Prior to outsourcing an individual consultant to conduct the Best-Practices, agreement was reached with UNIDO to share a collection of UNIDO's case studies in cluster development projects around the globe. Anticipated to be submitted to SFD on June 15, 2014, and UNIDO will nominate consultants to conduct this assignment. **2-** Submission of the TOR first draft expected to be finalized late June 2014. **Quarter 2 (01/04/2014 - 30/06/2014)** **3-** On June 24, OCP requested IMC, Ministry of Industry, EU, Export Councils representatives cluster development related best practices studies or mapping studies that has been formerly conducted. This was done during a meeting held at UNIDO to launch "Cultural and Creative Industries Clusters in the South Mediterranean Region" project, that is implemented by UNIDO. **4-** UNIDO provided the SFD with available cluster development related case studies on June 25, 2014. **Quarter 3 (01/07/2014 - 30/09/2014)** **5-** Draft Terms of Reference (ToR) and Level of Effort (LoE) were submitted to the AfDB on September 18, 2014 for clearance. **6-** The Bank's no-objection was granted on 21 September, 2014. **7-** Three qualified consultants were identified. **8-** The preparation of the consultants' evaluation report is underway and is expected to be finalized and sent to Bank for no-objection during the second week of October.

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					Quarter 4 (01/10/2014 - 31/12/2014): **9-** The "Technical Evaluation Report" for three candidates was submitted to the AfDB on October 28, 2014. **10-** AfDB's No-Objection was received on November 5, 2014 to proceed with the contracting of the highest ranked candidate (Mr. Mukesh Gulati). **11-** Contract signed for Mr. Mukesh Gulati on 18 November 2014. **12-** The assignment commenced on November 30, 2014 and will be completed by February 15, 2015. **13-** On December 12, 2014 Inception Report was submitted, and it was approved by SFD on December 14, 2014. **14-** On December 27, 2014, deliverable (2) of the assignment "List of countries and clusters" was submitted. **15-** The payment requests to disburse 4845 USD to the consultant for submitting deliverables 1&2 were prepared.
3	**Potential Growth Assessment of 3 selected Organic Clusters and value chain analysis**	**150,000**		QCBS	**Quarter 4 (01/10/2014 - 31/12/2014):** **1-** A draft ToR and LoE were developed and submitted to the AfDB for clearance on December 28, 2014.
5.b	**Draft policy recommendations for inclusion in national strategy**	**17,000**		IC	**Quarter 3 (01/07/2014 - 30/09/2014)** **2-** The first draft of the Terms of Reference (ToR) was shared with the Bank on August 14, 2014. **3-** In light of the Bank's feedback, a second draft was prepared and submitted on September 13, 2014. **4-** Upon the Bank's request, the final draft of ToR was submitted on September 25, 2014. **5-** The draft Level of Effort (LoE) and Expression of Interest (EoI) were both

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					submitted to the Bank on September 29, 2014. **Quarter 4 (01/10/2014 - 31/12/2014):** **6-** SFD is planning to implement another strategic activity instead of " Draft policy recommendations for inclusion in national strategy", namely "Development of a National Strategy for Micro, Small and Medium Enterprises"; and the approximate budget needed for this activity is 280,000 USD. Since this assignment was not included in the OCP PP. The project PP to be reviewed and updated in order to secure required funds for this important assignment. The final draft of the ToR, LoE, and EoI to develop MSME national strategy were prepared to be submitted to the Bank once updated Procurement Plan is approved by the AfDB.
Component 2: Institutional and operational capacity building for key support institutions and stakeholders working with organic MSME clusters					
10	**Build capacities of stakeholders, towards improved cluster identification and management**	**80,000**		SSS	**ACTIVITY ON-GOING** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **1-** Consultations with UNIDO that led finalizing draft proposal for the capacity development assignment on April 17, 2014. The draft proposal provided details on the following key areas of collaboration with UNIDO: **2-** Conduct a training program for staff of the SDF, development banks and other implementing agencies at the national level. UNIDO and SFD have a mutual understanding of the topics to be covered, the number of training days (5 days) and, the training program outline **3-** On-going capacity development and local institutional strengthening in cluster development to SFD and other stakeholders. UNIDO proposed to provide the SFD with on-going support and mentoring over an 18-month period. This support will include: (a) Conduct Training Workshop(s) as needed (for 6 days max) and; (b) Coaching/Technical Assistance/Distant Support to be provided by UNIDO professionals during implementation.

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					4- UNIDO and the SFD agreed to have one contract covering both phases of collaboration. **5-** The exact contracting format/template, though, remains an issue to be resolved among the three partners - AfDB, SFD and UNIDO. **<u>Quarter 2 (01/04/2014 - 30/06/2014)</u>** **6-** The SFD and UNIDO continue their consultations to resolve the contracting format/template issue and UNIDO proposed using Trust Fund Agreement as contract template on April 14, 2014 **7-** The AfDB rejected the TFA and SFD provided UNIDO a standard consultant contract to be used as a template on April 27, 2014 **8-** UNIDO rejected using the standard contact on April 28, 2014 **9-** On May 25, AfDB provided SFD with the modifications that could be done to the standard contract to meet UNIDO requirements (based on a recent contracting experience between the AfDB and a UN agency in Morocco). **10-** SFD and UNIDO agreed that the contract will be for 18 months and shall cover all UNIDO-SFD strategic areas of collaboration in organic clusters development. Procurement Department, in consultation with the Bank, produced a modified version of the Bank's standard contract that was shared with UNIDO on June 17, 2014. This modified contract is currently being reviewed by UNIDO's HQ. SFD and UNIDO tentatively agreed that the initial training (Cluster Development Training Program - 5 days) will be during the first week of September 2014 and will be held at the SFD premises. **<u>Quarter 3 (01/07/2014 - 30/09/2014)</u>** **11-** Contracting issues between UNIDO and AfDB have not been resolved yet. **12-** At their own expense, though, UNIDO delivered two training programs for the project.

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					13- The first training was a 3-day Crash Course - Promoting Cultural and Creative Industry Clusters - was held on 2-4 September 2014, for three (3) SFD staff members. **14-** The second training - Capacity Building on Local Economic Development and Human Security in Egypt - was a 4-day program (22-25 Sept. 2014). **15-** In addition of OCP and SFD staff, the second training program was also attended by representatives of the Petrochemical Holding Company and Ministry of Industry. **16-** The two training courses were delivered by two international consultants. **Quarter 4 (01/10/2014 - 31/12/2014):** **17-** On October 26, SFD approached UNIDO to get a final reply regarding their ability to sign a contract with SFD to conduct the assignment; and UNIDO sent an official email on November 12, indicating that they will not be able to sort out contracting issue in the foreseen future and recommended that the project approach other alternative organization to address project capacity development needs. Therefore, the project changed the procurement method in the updated PP from "Single Source" to "Training" where several training workshops will be conducted to address SFD and stakeholder CD needs. **18-** AfDB conducted a procurement training workshop for the various executing agencies of its projects on November 5, 2014.
11.a	**Study Tour to India**	**10,000**	**4,325**	Training	**ACTIVITY COMPLETED** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **1-** Three SFD staff members went on a Study Tour to India and participated in the “Changing Paradigms of Cluster Development - Learning from Global Experience" conference in New Delhi (February 20-22, 2014).

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					2- Participants acquired considerable knowledge on international experience with regards to the stages of the cluster development approach adopted in India and other countries, sustainable development in clusters development and, other related topics. Also, as a result of the conference, several areas of potential cooperation with other prominent international organizations working in cluster development were identified - e.g., UNIDO and the Centre for South-South Industrial Cooperation (UNIDO CSSIC-India). **3-** The SFD participants have also compiled a report summarizing the outcome of the conference and new ideas/knowledge acquired. The report was circulated to other SFD staff members concerned with MSME and cluster development and sent to AfDB on March 4, 2014.
Component 3: Increase organic MSME contribution to manufacturing value added (pilot project)					
13.a	**In-depth Diagnostic Study of the Specific Cluster - Pre Mapping**	**40,000**		IC	**YEAR 1:** **Quarter 4 (01/10/2014 - 31/12/2014):** **1-** Several field visits, meetings and interviews were held in Sa'ayet Abu Sha'ara (SAS) for hand-made carpets in the governorate of Monofeya, to explore the current situation of the cluster and identify the main issues that could be addressed by OCP; **2-** Preliminary key challenges facing the cluster have been identified; **3-** The ToR and LoE were developed and submitted to the AfDB for clearance on December 4, 2014.
15.a	**Tailored business development services to MSMEs in organic clusters - Pre Mapping**	**70,000**		Training	**ACTIVITY ON-GOING** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **4-** During the 1st Supervisory Mission (March 30-31, 2014), it was agreed a "Pre-mapping Initiative" would be launched. SFD, in consultation with the Bank, will select an organic cluster and conduct a rapid assessment of its BDS needs.

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					5- It was agreed that a rapid mapping exercise will be done through SFD regional offices following the cluster development training to be delivered by UNIDO to SFD staff. **<u>Quarter 2 (01/04/2014 - 30/06/2014)</u>** **6-** Selection criteria for the Pre-Mapping Organic Cluster Pilot was developed by SFD and approved by the Bank on June 10, 2014. **7-** To expedite project implementation, and given time constraints, the initial selection process had to be altered; and OCP in consultation with SFD experienced senior staff drew a list of three potential clusters, on top of which was kleem industry in Fowa and artichoke cluster in Beheira. **8-** In order to validate the selection, OCP consulted with the Technology Centers affiliated with Ministry of Industry and the recently Handicraft Export Council. **9-** As a result, it was found out that Fowa cluster didn't meet three critical selection criteria. **10-** Therefore, the project moved focus to artichoke cluster in Behira as the pre-mapping pilot. **11-** During Q3, and in coordination with key partners, the project will prepare and start implementing cluster development plan for this pilot. **<u>Quarter 3 (01/07/2014 - 30/09/2014)</u>** **12-** A meeting was held between representatives of both SFD and the Ministry of Industry, on July 1, 2014, to discuss further potential cooperation between the two entities within the framework of the project. **13-** Technology Centers, affiliated with the Ministry, would support the project in diagnostic field visits, at no cost to the project. **14-** The Ministry would also support the project with previous studies/research on cluster development to identify best practices. **15-** A meeting was held with the Head of the Food Technology Center on August 4, 2014. to discuss the needs of MSMEs in the artichoke cluster and

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PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					the findings of earlier studies and/ or initiatives undertaken by the Technology Center and how the OCP may address the needs of this cluster. **16-** Another meeting was held, on September 7, 2014, between representatives of the SFD and the Handicrafts Export Council. Several areas of collaboration between the two entities were discussed. Status of several handicraft cluster were briefly discussed and an agreement reached that Silk Carpets Cluster in Abu-Sha'ara in Menoufeya governorate has very high potential. **17-** Two meetings were held with representative of the Silk Carpets Cluster (of Menoufeya governorate) on September 3 and September 21, 2014, to discuss the needs of MSMEs in this cluster and how the OCP may address these needs. As a result, cluster main needs were identified.
Component 4: Project Management					
17	**Recruitment of Project Manager**	**160,000**	**32,104**	IC	**ACTIVITY COMPETED** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **1-** The final version of Project Manger's TOR was submitted to the AfDB on December 5, 2013. **2-** The project Manger TOR was approved by the AfDB on December 5, 2013. **3-** The Bank's No-Objection to recruit the Project Manager was received on January 21, 2014. **4-** The Bank's No-Objection to finalize initialed contract of the Project Manager was received on February 3, 2014. **5-** The Project Manager was contracted and assumed his job on February 15, 2014.
18	**Recruitment of Project Officer**	**43,000**	**3,380**	IC	ACTIVITY COMPLETED **YEAR 1:**

STATUS AS OF 31/12/2014

PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					Inception Phase and Q1 (29/09/2013 - 31/03/2014) **1-** Modified OCP Procurement Plan that include a line item to recruit Project Officer was submitted to AfDB on November 7, 2013. **2-** Modified OCP Procurement Plan approved by AfDB on November 10, 2013. **Quarter 2 (01/04/2014 - 30/06/2014)** **3-** ToR was submitted to the AfDB on April 15, 2014. **4-** ToR was approved by the Bank on April 20, 2014 and to emphasize the administrative nature of the post, the title of the position was specified by the AfDB as "Project Administrative Officer". **5-** Resumes of six (6) candidates were reviewed and four (4) were short-listed and interviewed. **6-** Only three (3) were adequately qualified and experienced for the position. However, one of these three candidates received and accepted another offer leaving the project with only two candidates therefore, The process had to be re-initiated. **7-** The post was publicized on the SFD's web-site, with the support of the SFD's Human Resources Department on June 17, 2014. **8-** Numerous resumes were received, screened, short-listed candidates were interviewed and Evaluation Report will be submitted to Bank early Q2. **Quarter 3 (01/07/2014 - 30/09/2014)** **9-** The Technical Evaluation Report of the three (3) short-listed candidates, together with their CVs, was submitted to the Bank on July 22, 2014. **10-** The Bank's no-objection to proceed with negotiations with the first ranked candidate was received on July 22, 2014. **11-** Minutes of negotiation and initialed contract were submitted to the Bank August 10, 2014. **12-** The Bank's no-objecting was granted on August 11, 2014. **13-** The Project Administrative Officer was contracted and resumed her job on September 1, 2014.

STATUS AS OF 31/12/2014

PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
19	**Recruitment of Coordinator/M &E Expert**	**85,000**	**4,025**	IC	**ACTIVITY COMPLETED** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **1-** The final version of TOR was submitted to the AfDB on December 11, 2013. **2-** The TOR was approved by the AfDB on December 11, 2013. **3-** The Bank's No-Objection to recruit the M&E Expert was received March 16, 2014. **4-** The Bank's No-Objection to finalize initialed contract was received on April 3, 2014. **Quarter 2 (01/04/2014 - 30/06/2014)** **5-** The M&E Expert was recruited and assumed his role on April 15, 2014.
20	**Procurement of Project Goods**	**17,000**	**6,531**	Shopping	**ACTIVITY ON-GOING** **YEAR 1:** **Inception Phase and Q1 (29/09/2013 - 31/03/2014)** **1-** Procurement training was conducted by AfDB for SFD staff concerned with project implementation, on September 29, 2013. **2-** Procurement of project goods (laptops, printers, and scanner) is underway. **Quarter 2 (01/04/2014 - 30/06/2014)** **3-** A list of required office equipment (laptops, printers, scanner) was developed with detailed specifications and no-objection request was submitted to AfDB on April 9, 2014. **4-** Evaluation report was prepared and submitted to AfDB for no-objection on April 16, 2014. **5-** AfDB no-objection to proceed with procurement was received on May 14, 2014. **6-** Project Manager received Laptop, Printer and Scanner on June 5, 2014.

STATUS AS OF 31/12/2014

PP No.	Item	Allocated Budget ($)	Amount Disbursed ($)	Method of Procurement	Status
					Quarter 3 (01/07/2014 - 30/09/2014) **7-** The SFD tendered the purchase of needed to six (6) companies from within the SFD's furniture suppliers roster. **8-** The deadline for submittal of quotations was set for September 24, 2014. **9-** Only four firms submitted their quotations by the deadline. **10-** Evaluation report was prepared and SFD requested AfDB's No-Objection to proceed with purchasing the required furniture on September 30, 2014. **Quarter 4 (01/10/2014 - 31/12/2014):** **11-** The required furniture were delivered on 23 November 2014 **12-** A list of the required remaining equipment was compiled with detailed specifications **13-** A Request for Offers (RFOs) has been developed and the procurement process is still underway